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CENTRAL INTELLIGENCE AGENCY

THE CURRENT SITUATION IN FRANCE

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1. STRATEGIC IMPORTANCE OF FRANCE.

France is of greater strategic importance than any other continental European country except the USSR. It is important because of its geographic location, its military potential, its cultural and intellectual leadership of Western Europe, its key position in the European Economic Recovery Program, and its control of French North Africa and other outlying areas which, in the hands of a hostile power, would provide bases for military action against the US.

Access to France's airfields, Atlantic, Mediterranean, and Channel ports, and transportation net are essential to the successful prosecution of a war in Western Europe. Their control by a power hostile to the US would provide that power with bases for mounting amphibious attacks against the US or US-held bases in the Atlantic, would permit naval and aircraft to operate against US shipping in the Atlantic and Mediterranean, and would make US counteraction extremely difficult. The cost in manpower and matériel of forcing such a hostile power out of France was demonstrated in World War II.

In addition to an army which could be raised to 1,000,000 men, if the necessary additional matériel is acquired from abroad, France's military potential includes a good navy and a fair air force. Given external logistical support, the three services would be of assistance in defeating a hostile European power in any attempt to attack the US.

French influence in international politics remains strong in Western Europe; hence the reorientation of France from the West to the East, whether achieved through political means or force of arms, would be almost inevitably followed by similar action in the Low Countries and Italy, and probably in Germany and Spain. If France is lost, Europe is lost.

Recent violent efforts of the Communists to disrupt French economy in order to prevent or retard the European recovery program reflect the importance with which the USSR regards the French position in that program. French economic participation is essential to European economic recovery.

An unfriendly government in France would, at the outset of war at least, control French North Africa with obvious implications for US security (see ORE 63: *The Current Situation in French North Africa*). Other French possessions of varying degrees of importance to US security are located in other parts of Africa, the West Indies, the Far East, and the Indian Ocean. The most vital of these could be neutralized or occupied rapidly by the US but would, if controlled even temporarily by any enemy, cause diversion of force and effort.

2. PROBABLE DEVELOPMENTS.

Continued Communist attempts to sabotage economic recovery in France can be expected. While Communist extremist action will be likely to reduce the size of the

Note: This report has the concurrence of the intelligence organizations of the Departments of the Army, Navy, and Air Force. A statement of dissent by the Department of State is set forth as Enclosure "A".

Communists' electoral following, stiffen the purpose of non-Communist elements in the French labor movement, and lessen the possibility of the Communists' eventual return to the Government by legal means, the Communists are now openly committed to an antinational stand. Their actions will continue to be guided by Moscow as an integral part of the current Soviet offensive against the European recovery program.

As French opposition to the Communists intensifies, the Communists may be expected to draw their forces together in a more closely knit unit, to intensify the training of Communist para-military formations, and to make a greater effort to conceal their activities short of going underground. Growing resistance to Communist control of labor has already resulted in the secession from the CGT of non-Communist leaders and the establishment of a new national labor organization, the *Force Ouvrière*. The trend of labor is away from the Communists, so that in the next few months, the number of workers represented by the *Force Ouvrière*, autonomous unions, and the CFTC (French Confederation of Christian Workers) may equal that of the CGT. The Communists, therefore, will probably not attempt within the foreseeable future to seize control of France by force. They will probably conserve their strength until the return of De Gaulle appears imminent when they can be expected to make an all-out effort to create disorder in an attempt to prevent his accession to power.

The Schuman Cabinet, a centrist coalition government, by its success in breaking a wave of strikes that seriously threatened the nation's economy, has strengthened the Government's position and has indicated a capacity to cope successfully with Communist attacks. For the time being at least, the Government appears to be secure against Communist attempts to bring about its downfall.

In order further to promote French recovery and insure the continuance of his Government, Schuman, having initiated an economic program designed to balance the budget and control inflation, expects to devalue the franc in an effort to provide a realistic rate of exchange with foreign currencies which the Government hopes will be a stimulus to the volume of French exports.

If the Government should fail to meet the exigencies of the current situation, however, the return of De Gaulle would be practically assured, although he prefers not to take power until the present critical winter is over. A government headed by De Gaulle would be the last line of defense against Communist accession to power. Should De Gaulle fail to bring order and recovery, the pendulum might swing back sharply to the extreme left, thus bringing the Communists to power.

3. POLITICAL SITUATION.

Domestic French politics are dominated by two factors: the existence of a multiplicity of political parties, and the physical and psychological damage caused by war and German occupation.

Because of the widely differing shades of political thought represented by the numerous and diverse political parties (at the present time, for example, the French Assembly is made up of representatives of 12 different parties), no one of them receives an absolute majority in elections. France, therefore, has usually been governed by coalitions. This has rendered very difficult the type of political compromise charac-

teristic of the US and the UK political systems and makes it very hard for a French government to cope with a political or an economic crisis.

The physical and psychological damage caused by the war in France is much greater than was at first realized. Political differences existing before the war were intensified and embittered during the occupation, and a general decline in public morality caused by the conflict is now reflected in a continuing decline in political morality.

The French Communist Party has the largest representation in the National Assembly—roughly 27%, exclusive of the minor parties which follow the Communist line. The political power the Party held during the past two years has recently been threatened as a result of the October municipal elections, largely fought on national issues.

As a consequence of the elections, General De Gaulle and his group, the Rally of the French People (RPF), emerged as a new and potent force in French politics. Primarily because of its anti-Communist stand the RPF polled nearly 40 percent of the vote, but its strength has come largely from defections from the Popular Republican Movement (MRP), a center party, and not from the Left. It should be particularly noted that a substantial portion of this vote was cast in protest and does not represent a cohesive political force. In the municipal elections the Communists obtained about 30% of the vote. The Socialists, the third largest party, made slight gains. The effect of this election may be further to divide the French Assembly and people into Left and Right groups of more or less equal strength. In any event, the municipal elections have not lessened the importance of effective action in the economic sphere which might lessen the severity of the political crisis.

Whether General De Gaulle can achieve power and, if he does, will adopt the necessary measures of stabilization and reform that the present Center coalition government has planned, remains uncertain. He lacks experience in the field of economics. His characteristic inflexibility and his sense of a "mission," furthermore suggest that he might take an authoritarian rather than a democratic approach. The positive action of the Schuman Government in dealing with the present strikes may have reduced the appeal of De Gaulle as the only strong leader who could bring France out of economic and political chaos.

4. ECONOMIC SITUATION.

The recent strikes and work stoppages have posed immediate problems which overshadow by their urgency the fundamental problem of long-term economic rehabilitation. The realization of the Monnet Plan has been pushed even further into the future. The question now is whether the French politico-economic mechanism can be repaired and made to operate until the European recovery program has had time to take effect. In a moment of great crisis French political parties have temporarily set aside their differences to combat Communism and to prevent national collapse. The future of France depends on the ability of the non-Communists to continue cooperating long enough to consolidate in the field of economics the victory they won in the field of politics. The loss of production in November and December has accelerated inflation and increased the public sense of insecurity about the whole future of the nation. The

tottering French economy, highly vulnerable to Communist-inspired strikes, has already received such a setback as a result of the strikes* that French leaders may be unable to succeed without substantially increased interim aid. Such aid, of course, is not of itself a guarantee that French economy will survive.

In April 1947, French economy appeared to be on the way to substantial post-war recovery. The subsequent decline has reflected multiple basic deficiencies in a French economy acutely affected by the world-wide economic distortions growing out of World War II. The nation's gold reserves are dangerously low. Exports have not provided the projected returns in foreign exchange, particularly hard currencies, to pay for needed imports. The upper and middle classes, the farmers, and labor have gone their separate ways in pursuit of self-interest, resisting investment and tax collection, hoarding farm produce, and demanding higher wages, all of which have contributed to the inflationary spiral.

Essential to economic recovery are fiscal and currency stabilization plus foreign aid. The aid is required over the next three or four years to assist in obtaining imports of consumer's goods, raw materials, and equipment now in acute short supply. Given these requisites, and a reasonable degree of political stability, France is capable of maintaining without foreign aid, a relatively stable economy oriented to the West. For the present, however, the situation remains critical.

5. THE MILITARY SITUATION.

The armed forces of France, although unable to resist aggression by any major power, are capable of maintaining order at home. Insurgence and disturbances in the French Empire have necessitated maintenance of relatively large military establishments overseas, resulting in an added drain on the nation's economy.

The French military potential, including a trained reserve, is estimated at 1,000,000 men, but in the foreseeable future the nation lacks the financial and industrial capacity to sustain with modern equipment such a force or any substantial portion thereof.

The present strength of the French Army is estimated at 500,000 men plus 61,000 members of the *Gendarmerie Nationale*, which, though a part of the army, is not normally under its operational control. In metropolitan France, General Revers, Chief of Staff of the French Army, has at his disposition approximately 220,000 men, of whom 180,000 are ground force troops and 40,000 gendarmes. In addition, Revers, as the leader of the only important anti-Communist, clandestine military force, is reputed to have a personal following of between 30,000 to 50,000 men who would respond to his call in the event of a Communist attempt to take power by force. The army is believed to be loyal to the legally constituted government although a small percentage of its personnel is either Communist or sympathetic to Communism. At one time it was considered that the Communists might effectively infiltrate the Army. Since General Revers became Chief of Staff, however, such infiltration is negligible.

Of the total French Army of half a million, 110,000 are actively engaged in operations in Indo-China and another 15,000 in Madagascar. There are an estimated 112,000 in North Africa and 45,000 in the Occupation Zones. A rough estimate of the total

* Estimated to have cost at least \$300,000,000, over two million tons of coal, and a general decline of 40% in over-all production in November as compared with October.

operational troops in Europe and North Africa organized into tactical groups is probably around 100,000, but all units suffer from inadequacies of equipment. Currently stationed in France are mobile groups equivalent to at least one armored and two infantry divisions plus some thirty-odd territorial battalions fairly evenly distributed throughout the country.

The Navy, including the Naval Air Force, composed of about 57,000 men scattered throughout the French Union and metropolitan France, is almost totally void of Communists or their sympathizers. Its loyalty to the present Government is unquestioned.

The Air Force currently has a strength of approximately 63,000 men. Because of Communist direction of the Air Ministry immediately following the Liberation, this branch of the armed forces, particularly the ground crews, has the highest incidence of Communism. Current reports indicate that approximately 85% of the Air Force officers are strongly anti-Communist, 30% politically "neutral," and 5% fanatical Communists. Although the prestige of Communists is not high, such individuals strategically placed might very well render the Air Force ineffective in the initial phases of an operation.

For the most part, top Air Force leadership is composed of opportunists who would have little hesitancy in supporting a Communist-dominated French government. General Piolet, the Chief of Staff, is consistently rumored to be pro-Communist. If France were attacked by the USSR, however, the top leadership would be likely to remain loyal to France.

The morale of the Army and Navy is good. The morale of the Air Force is poor because it lacks modern equipment with no prospect of obtaining any domestically for at least 3 years, and because the Air Force lacks real leadership at the top.

The armed forces would be reduced should French politics become more stabilized. Every finance minister since the liberation has attempted reduction but all have been frustrated by overseas military commitments (the cost, for example, of the French effort in Indo-China alone is estimated at \$900,000 a day).

6. FOREIGN POLICY.

The foreign policy of France is directed at two primary objectives: (1) security against possible future German aggression, and (2) restoration of French prestige in the role of a major power.

Security from German aggression has been and continues to be a cardinal point of French policy. Three times in seventy-five years, France has been invaded and ravaged by Germans. The French are determined that: Germany be kept permanently weak; some form of international control be established over the Ruhr and the Rhineland or their industries; and the Saar be incorporated economically with France. Virtually all French moves in European politics are influenced to some degree by France's fear of a resurgent Germany.

With regard to national security in general, France has always supported the principle of collective security and will continue to seek freedom from aggression through international agreements and the UN.

To this end the French have supported and will continue to support in the UN any measures or guarantees which will further world peace in general and collective security in particular.

Toward the US, France maintains a policy of friendship and cooperation in the hope that the US would again come to her assistance in the event of another world war. The French, however, entertain serious doubts of the ability of the US to do so in time to save them from another and possibly fatal invasion. In addition, they know that their hope of restoring stability to their economy depends on the US. French policy will reflect that knowledge so long as the Communists do not take power.

A similar policy will be followed toward the UK. The French realize that their hopes of achieving their colonial objectives, and the restoration of their prestige, as well as of carrying out their intentions regarding Germany, rest largely on the support of the US and of the UK.

Toward the USSR, its satellites, and Spain, French policy will follow that of the US and the UK as far as possible.

Toward Italy, French policy will be dictated by a desire to remain at peace but will be tempered by the recollection of Mussolini's "stab in the back," the traditional instability of Italy's foreign policy, and the type of government which happens to rule the country.

France has attempted and will continue to attempt, through the UN and by other means, to rebuild its prestige on the European continent. Emerging from World War II as a second-rate power, France sought to do two things: prevent becoming once more a battleground, and enhance its own international position. Therefore, and in view of the widening rift between the US and UK on the one hand and the USSR on the other, it attempted to act as arbitrator of the political conflicts between the USSR and the Anglo-Saxon powers. This attempt failed, and the French felt compelled to choose between the East and the West. Following tradition and apparent self-interest, they chose the latter and will attempt to continue in that way so long as the French Government continues non-Communist.

France views its colonies as indispensable to its prestige. The French are attempting through a program of colonial reforms to retain their present overseas possessions within a proposed French Union which will admit of some degree of local autonomy.

ENCLOSURE "A"

DISSENT OF THE INTELLIGENCE ORGANIZATION
OF THE DEPARTMENT OF STATE

Section 1, Strategic Importance of France.

The section presents an unbalanced view of France's strategic importance to the United States. It begins by adopting a broad interpretation of the word "strategic," as evidenced by mention of France's cultural and intellectual leadership and her key position in the European Recovery Program. From that point, however, it confines itself almost exclusively to France's role in a future war, thus slurring over the vital and dynamic contribution which French political leadership and economic potential are expected to make to US strategic aims for peace.

Additionally, the section presents an overly pessimistic view of the probable consequences of Communist domination of France.

Section 2, Probable Developments.

The phrase "all-out effort to create disorder" appears to mean the utilization of Communist para-military forces for the initiation of civil strife. We cannot agree with such a view of Communist tactics to prevent General De Gaulle's return to power.

Section 3, Political Situation.

General De Gaulle "would" rather than "might" take an authoritarian approach. The evidence for this is not merely the General's "characteristic inflexibility and his sense of a 'mission'" but also the content of his speeches since the adoption of the present Constitution.

Section 4, Economic Situation.

The section (1) overplays the effects of the November - December strikes and work stoppages; (2) fails to mention the economic difficulty with greatest immediate political implications, namely the acute shortages of bread, meat, and fats resulting from the freeze of last winter and last summer's drought; (3) gives an erroneous picture of the causes of France's deficit in its balance of payments on current account; and (4) neither explains the Monnet Plan nor gives France the merited credit for positive accomplishments under that Plan.

Section 5, Foreign Policy.

The section fails to discuss the prime interest of France in rebuilding and knitting together Western Europe — as a bulwark for peace if possible, in war if necessary — and in becoming the leader of such a grouping.

Also the Westward shift in France's international actions can be understood only if attention is called to the recent isolation of the French Communist Party on the domestic scene.